



**STATE OF LOUISIANA
DEPARTMENT OF THE TREASURY
REQUEST FOR PROPOSALS**

for

**Investment Consulting Services for
Louisiana's
Millennium Trust Fund,
Medicaid Trust Fund for the Elderly,
and
Educational Quality Trust Fund**

REQUEST FOR PROPOSAL

Date of Issue: January 7, 2013

Search Timetable

EVENT	DATE
Publication of RFP	01/07/13
Deadline for Submission of Written Questions	01/16/13
Response to Written Questions	01/18/13
Deadline for Submitting RFP Response	02/06/13
Finalists' Presentations (if needed)	02/13/12
Contract Awarded	02/20/13
Contract Begins	03/01/13

Please note: the Treasury reserves the right to deviate from the above schedule.

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INVESTMENT CONSULTING SERVICES

I. INTRODUCTION

The Department of Treasury of the State of Louisiana (“Treasury”) is interested in receiving proposals from qualified firms or companies to provide investment consulting services for the Millennium Trust Fund, the Medicaid Trust Fund for the Elderly, and the Louisiana Education Quality Trust Fund (the “Funds”) in one or more of the following areas:

- A. Quarterly performance measurement, monitoring, and reporting
- B. Asset allocation and investment policy development
- C. Research and analysis
- D. Money manager and custodian searches and evaluations
- E. Investment training
- F. Client servicing and personal appearances
- G. Other related services identified in the future by the State Treasurer

II. OVERVIEW OF THE FUNDS

Millennium Trust Fund

The Millennium Trust Fund was created by Act 1295 of the Legislative Regular Session of 1999, and established in the State Treasury as a special permanent trust fund. Act 1295 further created three special funds within the Millennium Trust. These funds are the Health Excellence Fund, the Education Excellence Fund, and the TOPS Fund.

The funding for the Millennium Trust will come from the tobacco settlement proceeds as prescribed by the Master Settlement Agreement executed on November 23, 1998. The treasurer shall credit one-third of all dividend and interest income and all realized capital gains on investment of monies in the Millennium Trust to each of the special funds within the Trust. Further, the treasurer shall credit the TOPS Fund with the tobacco settlement proceeds as received. Amounts determined to be available for appropriation from the special funds shall be those in excess of an inflation factor as determined by the Revenue Estimation Conference. The amount of realized capital gains, which may be included in the aggregate earnings, available for appropriation in any fiscal year shall not exceed the aggregate of earnings from dividends and interest for that year.

Act 1295 further defines approved investments for the Millennium Trust, which includes equity investments up to fifty percent of the market value of all funds held in the trust. Provision is made for the treasurer to select and hire appropriate investment managers, in accordance with a request for proposal process using strict selection criteria based on sound industry principles.

Act 1145 of the Legislative Regular Session of 2001 provided for the securitization of up to sixty percent of the Master Settlement Agreement Revenues. The securitization provided \$917,559,805.06 dollars in net proceeds for the Millennium Trust. As of June 30, 2012 the fund had a market value of \$1,452,079,151.86. Due to the terms of the securitization the Trust is

divided into two portfolios, a Tax Exempt portfolio and a Taxable portfolio. The structure of the securitization included use of full turbo procedures in handling residual funds. It is anticipated that with accelerated principal payments, as a result of the full turbo, there will be significant reallocation of tax-exempt funds and a corresponding increase in the taxable funds. As a result, asset allocation will be of prime importance as the taxable pool grows in size.

Medicaid Trust Fund

The Medicaid Trust Fund for the Elderly was created as a permanent trust fund in the State Treasury by Act 143 of the Legislative First Extraordinary Session of 2000. The principal in the fund is not subject to appropriation except as specifically provided for in the Act. Only earnings on investments from the fund may be appropriated each fiscal year for services of the State Medicaid program in the priority as provided in the Act. Funding for the trust comes from all funds received as a result of the intergovernmental transfer program provided for in Chapter 54 of Title 46 of the Louisiana Revised Statutes of 1950, comprised of R.S. 46:2691 through 2692.

Act 700 of the Legislative Regular Session of 2001 amended and reenacted R.S. 46:2691 (A), which provides for the investment of the funds in a manner provided for in R.S. 46: 2691(C). The Act further provides for the selection and hiring of outside investment managers for the investment and management of fund. It is anticipated that the fund will approach approximately one billion dollars in size. The State Treasurer is authorized to invest in the investments permitted for the Louisiana Education Quality Trust Fund as set forth in R.S. 17:3803 (B), (D), and (E) with the exception that equities are not an approved investment.

As of June 30, 2012, the Medicaid Trust had a market value of \$552,334,219.51.

LEQTF

In 1986, the Louisiana Legislature passed acts to create a constitutional amendment establishing the Louisiana Educational Quality Trust Fund ("LEQTF"). Investment income generated by the fund is dedicated to the sole purpose of providing educational enrichment programs. The acts established as beneficiaries, the Board of Elementary and Secondary Education ("BESE") and the Board of Regents ("Regents"). In addition, the acts also provided for the investment of these funds by the State Treasurer. The people of Louisiana approved this constitutional amendment in the fall of 1986. With the passage of this amendment, \$540,699,503 was placed in the LEQTF. As of June 30, 2012, the fund's market value was approximately \$1,154,998,278.47

The fund may be invested only in: repurchase agreements, Louisiana bank certificates of deposit, US Treasury securities, specific US Agency securities including mortgage backed instruments, investment grade corporate bonds, commercial paper, money market funds and stocks of any corporation listed on the New York and American Stock Exchanges or authorized for quotation display on the NASDAQ. The State Treasurer is given authority to invest and manage the LEQTF under Act 67 of the 1986 Regular Session as amended. In 1994, a constitutional amendment was approved to permit investment of up to 35% of the Permanent Fund in stocks subject to the limitations above.

For state accounting purposes, the revenue and expenditures of the LEQTF are accounted and reported as two separate sub-funds, i.e., the Permanent Trust Fund and the Support Fund. The Permanent Fund is made up of the funds belonging to the principal of the fund. The Support Fund is made up of those funds belonging to the funds' beneficiaries, BESE and Regents. Each board is entitled to 50% of the money that enters the Support Fund.

III. SERVICES TO BE PROVIDED

The primary function of the Investment Consultant shall be to provide independent third party performance measurement for the Millennium Trust Fund, Medicaid Trust Fund for the Elderly, and Educational Quality Trust Fund. All investments of the Funds are currently managed by Treasury personnel. During the term of the current Consultant contract, Treasury has issued one (1) RFP for a custodian search and no RFPs for an investment manager search. The Consultant shall provide the following Essential Services, and as requested by Treasury, shall provide the following Optional Services:

ESSENTIAL SERVICES:

A. Assist Treasury in the review and/or development of policies, procedures, and guidelines for the Funds to include:

1. Detailed investment policies development of written investment guidelines, investment strategy plans, to include effective and productive enhancement strategies, efficient trade practices, and cost savings promotion;
2. Review portfolio mix and investment strategy relative to investment policy, changes in the capital markets and structure of similar funds and recommend rebalancing as necessary;
3. Prepare recommendations for amendments or modifications to the Funds' portfolio structures, with justifications, as warranted by changes in the market place or regulatory authority;

B. Maintain a broad database of investment managers including the philosophy, style, fee schedules, portfolio characteristics, firm characteristics, performance and client base of each manager. The information shall be available for a wide range of investment managers including, but not limited to, equity, fixed income, and international equity and fixed income, as well as other asset classes.

C. Attend meetings and be available for testimony before legislative bodies as required by the Treasurer. Please note that the State of Louisiana's Division of Administration Policy and Procedure Memorandum 49 shall apply to any and all travel related to this contract. This policy may be found on-line at <http://www.state.la.us/osp/travel/PPM49/docs/PPM49-02.pdf>

D. Contact the treasurer or his designee via telephone periodically to update the Treasury on the status of the funds, the market, and other variables that may affect the funds' performance.

E. Work with Treasury staff to prepare and present comprehensive analysis, research, and advice on various investment issues as requested by the state treasurer or Treasury staff.

F. Prepare quarterly reports measuring the investment performance of the Funds' assets. The reports shall include comparisons to the 30-day US Treasury Bill and the 2-year US Treasury Note (legal indices), other fixed income managers, as well as comparable market indices for equity portfolios. All measurement shall be in compliance with the Association for Investment Management and Research performance presentation standards.

G. Prepare an annual evaluation of the performance of the Funds. This evaluation shall cover all aspects of the investment of the assets, including an evaluation of the investment results of the total fund, results of each class of asset, and the results of any and each investment manager. This evaluation shall include comparison of the characteristics and performance of the portfolio held by the fund to those held by other large institutional investors, similar public funds and funds similar in purpose or composition as maintained in the consultant's database or industry recognized data base acceptable to the State Treasurer. Specific investment performance benchmarks for the Funds shall include, but not be limited to, the following:

1. Common Stocks. An annualized total return equal to or greater than the Standard and Poor's 500 Index net of investment management fees, custodial fees, and transaction costs.
2. Bonds. An annualized total return equal to or greater than the Lehman Brothers Government Credit Bond Index net of investment management fees, custodial fees, and transaction costs.

OPTIONAL SERVICES:

A. At Treasury's option, assist in investment manager and custodian searches, should any such search be conducted. Such assistance shall include:

1. Review the Funds' RFPs (for investment managers and custodians)
2. Provide comments and revisions to the RFPs
3. Provide assistance in the compilation of the RFPs
4. Provide Treasury staff with search books summarizing and evaluating the proposals received for presenting to the evaluating committee
5. Provide guidance to the State Treasurer regarding the final selection
6. Provide ongoing performance and compliance monitoring of any such firm hired on a quarterly basis during the term of the contract.

IV. MINIMUM QUALIFICATIONS

At the time of submission of the proposal, the submitting proposer must certify that it is capable of performing all tasks and activities associated with the requirements of this Request for Proposal (RFP) and attachments (See Attachment A). The following minimum criteria must be met. **If the proposer does not meet all of the following requirements, the proposal will not be considered.**

A. The investment consulting firm (or its consulting services unit) and the principal consultant assigned to the Funds' relationship must have at least five (5) years investment consulting experience prior to deadline for receipt of proposals.

B. The investment consulting firm (or its consulting services unit) must currently provide full consulting services (full consulting services shall include asset allocation, investment policy development, manager search, performance measurement, investment research and education) to at least three (3) public fund clients.

C. The investment consulting firm must take steps to avoid conflicts of interest as follows:

1. If the investment consulting firm or its affiliates, officers or employees are affiliated in any way with any investment manager, broker/dealer, bank, insurance company or other service provider, that relationship shall be fully disclosed and explained in writing and that writing attached to the proposal.
2. The investment consulting firm will be paid for Essential Services only in hard dollars billed quarterly in arrears upon invoice. The investment consulting firm will be paid for Optional Services only in hard dollars at completion in arrears upon invoice. During the term of its contract with Treasury on behalf of the Funds, the investment consulting firm must agree that it will not accept any directed trades/directed brokerage commissions or any other soft or hard dollar fees from any investment manager, custodian, securities lending agent or any other service provider for any services provided on behalf of the Funds. In addition, all directed brokerage or soft dollar relationships, whether they are with the consulting firm, its affiliates, officers or employees, must be fully disclosed in writing and that writing attached to the proposal.
3. The investment consulting firm, officers and employees must disclose whether or not they adhere to the CFA Institute's Code of Ethics and Standards of Professional Conduct.

D. The investment consulting firm must be a Registered Investment Adviser, and if selected, must become authorized to do business in the State of Louisiana. Also the firm must

contractually agree that it is acting in a fiduciary capacity as that term is defined **by Louisiana law.**

E. The investment consulting firm must be able to provide all performance data via electronic interface with Treasury and the Funds' custodian, by USB flash drive, on-line capability, or other acceptable electronic data means. Such performance data must be compliant with the CFA Institute's PPS Standards, the U.S. version of GIPS.

V. REQUIRED FORMAT FOR SUBMISSION

Each proposer should submit five (5) copies of the completed proposal to the Department of the Treasury.

Proposals should be submitted on letter size paper (8 ½" by 11") all within **one (1)** left spiral bound and arranged in the same order and format as the RFP, tabbed accordingly. **The use of ring binders is strongly discouraged.** Pages should have one inch (1") margins, Times New Roman font, and font size no less than twelve (12).

At least one copy of the proposal shall contain original signatures- The original(s) should be clearly marked by notation in the lower left hand corner of the cover of each copy with the words **"Signed Original"**. These originals will be retained for incorporation by reference in any contract resulting from this RFP.

On the outside of the sealed proposal package the following information should be written:

Proposer's name and address
Primary contact person and telephone number
The words "Investment Consultant Services Proposal"
The words "RFP 12-001"

VI. INFORMATION TO BE PROVIDED BY PROPOSER

Following is a list of the required information to be provided by the proposer.

A. Cover Letter -

A cover letter, which will be considered an integral part of the proposal package, shall be signed by the individual(s) who is (are) authorized to bind the institution contractually. This cover letter must indicate the signer is so authorized, and must indicate the title or position the signatory holds in the proposing firm. **An unsigned proposal shall be rejected.**

The letter shall also contain the following:

1. The institution's name, address, telephone number and fax number and e-mail address.

2. A statement to the effect that the proposal is a firm and irrevocable offer good for 180 days.
3. A statement expressing the institution's willingness and ability to perform the services as described in this Request for Proposals .
4. A statement as to the availability of staff and other required resources for performing all services as described in this Request for Proposals .
5. The proposed account relationship officer's name, title, telephone number, fax number and e-mail address.
6. The name, title or position, telephone number, fax number and e-mail address of the individual signing the cover letter, and a statement certifying that the signer has read the RFP, fully understands the requirements listed therein and is authorized to bind the company contractually.
7. The institution's Federal Employer Identification Number.
8. Any section of the proposal that is considered confidential should be so noted; provided, however, that such identification shall be subject to LA R.S. 44:1 et seq. The Louisiana Public Records Law should be referred to if there is any question regarding confidential matters.

B. Statement of Minimum Qualifications

Proposers must complete the Statement of Minimum Qualifications contained in Attachment A substantiating how the firm satisfies each of the minimum qualifications. The statement must contain sufficient information as prescribed to assure the Treasury of its accuracy. Failure to provide mandatory information shall, in the sole discretion of the Treasury, result in the rejection of the proposal.

C. Proposal Questionnaire

Proposers must complete and return the Proposal Questionnaire contained in Attachment B. The information requested must be provided in the prescribed format. Responses which, in the opinion of the Treasury, materially deviate from the prescribed format may be rejected. All responses to the questionnaire will be subject to verification for accuracy. Proposals containing false or misleading information shall be rejected.

D. Fee Proposal

Proposers must submit their fee in the format prescribed in Attachment C. **Strict adherence to the required format is mandatory. A proposal that fails to follow this format will be rejected.** The proposed fee shall include all costs and expenses for providing the services to the Funds as described in this RFP, and shall be guaranteed for the term of the contract up to

three (3) years. Once the Contractor is selected, the fee may be further refined depending on factors which may affect the proposed fee . In no case will the refined fee be higher than the fee contained in the proposal. No other offers, proposals or propositions beyond the parameters of the format outlined in Attachment C will be considered before, during or after the evaluation process. The proposer shall be required to provide assurance that the fees being proposed are no higher than those being charged to other clients receiving comparable services.

NOTE: Information and materials that are promotional in nature should not be used.

E. If proposer is a certified small entrepreneurship or plans to use certified small entrepreneurship(s), the proposer shall provide the information requested in **Section X.F.**

VII. SUBMISSION OF WRITTEN QUESTIONS

Questions regarding the information presented in this RFP must be received in writing via facsimile transmission or electronic mail no later than 4:30 p.m. January 16, 2013 and addressed to:

Barbara G. Baier
Staff Attorney
Department of the Treasury
900 N. 3rd Street
State Capitol, 3rd Floor
Baton Rouge, LA
Facsimile: (225) 342-0064
bbaier@treasury.state.la.us

All questions received by this date will be answered in writing. Questions and responses will be made available to the public via our website at www.latreasury.com **Proposers are encouraged to visit the website periodically for responses and addenda added subsequent to the initial posting of the RFP.**

The Department of the Treasury reserves the right to request clarification and modification of any proposal prior to awarding the contract. Any proposer retains the right to withdraw their proposal at any time prior to the contract being awarded.

VIII. ADDENDA: ERRORS AND OMISSIONS

The Department of the Treasury may modify any part of the Request for Proposals in writing by issuance of an Addendum. Addenda issued prior to the final filing date for submission of proposals will be posted on the agency website, www.latreasury.com and LaPac, the state website. Interested parties are encouraged to visit the Treasury's website and LaPac website for updates to the RFP. Addenda issued after the final filing date will be sent to all proposers as appropriate.

If a proposer discovers any ambiguity, conflict, discrepancy, omission or other error in this Request for Proposals, (s)he shall immediately notify the Department of the Treasury of such

error in writing and request clarification or modification of the document. Modifications by the Department of the Treasury shall be made by Addenda and shall be posted to the agency website, www.latreasury.com. If a proposer fails to notify the Department of the Treasury of a known error, or an error that reasonably should have been known, prior to the final filing date for submission, the proposer shall not be entitled to additional time by reason of the error or its late correction.

The provisions of any written amendment or clarification issued by the Department of the Treasury pursuant to this section shall be deemed incorporated by reference and made a part of the contract awarded as a result of this Request for Proposals.

IX. SUBMISSION OF PROPOSALS

A. The Proposer shall submit at least one original proposal with all attachments and should submit four (4) copies of the proposal with all attachments along with 5 separate flash drives, each containing all information being submitted, by February 6, 2013, 4:30 p.m. Central Daylight Time. Timely and proper delivery is the responsibility of the proposer. Failure to meet the proposal submission deadline shall result in rejection of the proposal.

Proposals may be mailed through the U.S. Postal Service to:

Barbara G. Baier
Staff Attorney
Department of the Treasury
Post Office Box 44154
Baton Rouge, LA 70804-4154

Proposers are hereby advised that the U.S. Postal Service does not make deliveries to our physical location.

Proposals may be delivered by hand or courier service to our physical location to:

Barbara G. Baier
Staff Attorney
Department of the Treasury
State Capitol, 3rd Floor
900 North 3rd Street
Baton Rouge, LA 70802

Proposer is solely responsible for ensuring that its courier service makes the delivery to our physical location. The Treasury is not responsible for any delay or failure to deliver caused by the proposer's chosen means of delivery.

Failure to clearly identify the outside of the proposal package may result in the rejection of the proposal. Treasury is not responsible for receipt of any proposal which is improperly labeled.

Perfection of the delivery is the responsibility of the proposers. All proposals will be logged in as to the date and time of delivery. No proposal will be accepted after the deadline.

Submission of a proposal or any portion thereof via facsimile transmission, electronic, or magnetic media shall not be allowed. The Department of the Treasury shall not accept or consider any proposal material submitted in this manner.

Only one proposal from an individual, firm, partnership, corporation, or combination thereof, will be considered. Reasonable grounds for believing a proposer has submitted multiple proposals under more than one name may be cause for rejection of all proposals in which the proposer has an interest.

Proposals submitted in response to this solicitation are irrevocable for 180 days following the proposal submission deadline date. This period may be extended at the First Assistant State Treasurer's request only by a proposer's written agreement.

All inquiries as to the RFP process should be directed to Ms. Barbara Baier (see Section III).

NOTE: The initial evaluation will be based solely on the proposal submitted to the Department of the Treasury. The proposal should be as responsive yet concise as possible. The Treasurer reserves the right to reject all proposals received in response to this Request for Proposals if that action is deemed to be in the best interest of the State. The cost related to the preparation, submission and presentation of a proposal shall be borne entirely by the proposer. It is the sole responsibility of the proposer to inquire into and clarify any item of this Request for Proposals that is not understood.

B. Authorization

Transmittal letters and proposals shall be signed by those officials or agents duly authorized on behalf of their respective institutions to sign proposals and contracts. Evidence of the authorized official or agent must be submitted as provided for by the proposer's **business plan**.

C. Agreement

By submitting a proposal in response to this RFP, a proposer shall be deemed to have accepted all the terms, conditions, and requirements set forth in the RFP and, if accepted for award, that the proposer agrees to perform the services described herein **pursuant to the contract** executed by and between the Department of the Treasury and the proposer submitting the awarded proposal. If not, the proposer must clearly note and explain in a separate letter included in the proposal.

D. Incurring Costs

The proposals become the property of the Department of the Treasury upon submission. The Treasury is not liable for any costs incurred by proposers for preparation and delivery of their proposals. All costs for developing the proposal, or any other such expense incurred by the

proposer in responding to the RFP, are entirely the responsibility of the proposer and shall not be reimbursed in any manner by the Department of the Treasury.

E. Electronic Distribution

This RFP is available for downloading from the Department of the Treasury website at www.latreasury.com. The RFP will also be available for downloading from the Louisiana Procurement and Contract Network (LaPac) in accordance with R.S. 39:1503.

F. Cancellation of the RFP

The Department of the Treasury reserves the right to cancel this RFP, in whole or in part, at the discretion of the State Treasurer.

G. Taxes

Other than state and local taxes, any taxes, fees and similar expenses from which the state is exempt shall be assumed to be included within the proposer's costs.

H. Arrearages

By submitting a proposal in response to this RFP, the proposer shall be deemed to represent that it is not in arrears in the payment of any obligations due and owing the State of Louisiana, and if selected for award, that it shall not become in arrears during the term of the contract.

X. EVALUATION PROCESS

The purpose of the proposal evaluation process is twofold: (1) to assess the responses for compliance with minimum qualifications, content, and format requirements; and (2) to identify the proposers that have the highest probability of satisfactorily performing the services as described herein. The evaluation process will be conducted in a comprehensive and impartial manner.

THE TREASURY MAY REJECT ANY OR ALL PROPOSALS AND MAY OR MAY NOT WAIVE ANY IMMATERIAL DEVIATION OR DEFECT IN A PROPOSAL. The Treasury's waiver of an immaterial deviation or defect shall in no way modify the Request for Proposal documents or excuse the proposer from full compliance with the Request for Proposal requirements and will not preclude the Treasury from penalizing the proposal by a reduction in score.

Proposals which contain false or misleading statements, or which provide references which do not support an attribute or condition claimed by the proposer shall be rejected.

Any attempt by a proposer to initiate contact with and discuss the RFP and/or proposals with any member of the Treasury proposal evaluation team or the Treasury staff, other

than the designated contacts, may disqualify the proposer from further consideration or may subject their proposal to a penalty resulting in a reduction in score.

A. Pre-evaluation Review

1. Each proposal package will be date and time stamped when received. Proposals received after the final filing date will not be considered. Each properly submitted and timely received proposal will be given equal consideration.
2. Each proposal package will be inspected to ascertain that it is properly sealed and labeled. Proposals not passing this inspection may not be accepted or may be subject to a penalty resulting in a reduction in score.
3. All proposals will be reviewed to determine if they satisfy the Minimum Qualifications specified in Section VI, and contain all the required submissions specified in Section VI. Those not satisfying the Minimum Qualifications, or not submitting the mandatory information to be provided by proposers shall be rejected. Those proposals failing to submit the information to be provided in the manner prescribed by the RFP or failing to follow the directions and instructions of the RFP, will be subject to a reduction in score .

THE DECISION TO REJECT A PROPOSAL RESTS SOLELY IN THE DISCRETION OF THE TREASURY.

B. Written Proposal Evaluation –

Proposals that pass the pre-evaluation review will undergo an evaluation process conducted by an evaluation team appointed by the State Treasurer.

C. Evaluation Criteria –

The following criteria will be considered in evaluating each proposal and will be weighted accordingly:

1. Conformity to RFP instructions; quality/completeness of written proposals and presentation, if applicable (5% or 5 points)
2. Demonstrated ability to meet the service requirements (15% or 15 points)
3. Fees (35% or 35 points)
4. Hudson/Vets (10% or 10 points)
5. Experience, qualification, conflicts of interest, and legal/regulatory history of firm and individuals to be assigned to the Funds' accounts (25% or 25 points)
6. References and recommendations of other clients (10% or 10 points)

D. Proposers may be requested to provide additional information and/or clarify contents of their proposal package. Other than information requested by the Treasury, no proposer will be allowed to alter the proposal or add new information after the final filing date.

E. Cost will be evaluated by adding the proposed annual fee for the Essential Services for each of the 3 years of the term of the consulting contract, and then adding to that sum the proposed fee for the Optional Services. The lowest total of these proposed fees shall earn a full 35% or 35 points. All other proposers shall receive points for cost based upon the following formula:

LPC = Lowest Total Fee Among All Proposals

PC = Proposal Total Fee

CPS = Cost Proposal Score

$CPS = (LPC/PC) * 35$

F. Veteran-Owned and Service-Connected Small Entrepreneurships (Veteran Initiative) and Louisiana Initiative for Small Entrepreneurships (Hudson Initiative) Programs

The State of Louisiana Veteran and Hudson Initiatives are designed to provide additional opportunities for Louisiana-based small entrepreneurships (sometimes referred to as LaVet's and SE's respectively) to participate in contracting and procurement with the state. A certified Veteran-Owned and Service-Connected Disabled Veteran-Owned small entrepreneurship (LaVet) and a Louisiana Initiative for Small Entrepreneurships (Hudson Initiative) small entrepreneurship are businesses that have been certified by the Louisiana Department of Economic Development. All eligible vendors are encouraged to become certified. Qualification requirements and online certification are available at https://smallbiz.louisianaforward.com/index_2.asp.

Ten percent (10%) of the total evaluation points on this RFP are reserved for proposers who are themselves a certified Veteran or Hudson Initiative small entrepreneurship or who will engage the participation of one or more certified Veteran or Hudson Initiatives small entrepreneurships as subcontractors.

Reserved points shall be added to the applicable proposer's evaluation score as follows:

Proposer Status and Reserved Points

Proposer is a certified small entrepreneurship: Full amount of the reserved points

Proposer is not a certified small entrepreneurship but has engaged one or more certified small entrepreneurships to participate as subcontractors or distributors. Points will be allocated based on the following criteria:

- the number of certified small entrepreneurships to be utilized
- the experience and qualifications of the certified small entrepreneurship(s)
- the anticipated earnings to accrue to the certified small entrepreneurship(s)

If a proposer is not a certified small entrepreneurship as described herein, but plans to use certified small entrepreneurship(s), proposer shall include in their proposal the names of their certified Veteran Initiative or Hudson Initiative small entrepreneurship subcontractor(s), a description of the work each will perform, and the dollar value of each subcontract.

During the term of the contract and at expiration, the Contractor will also be required to report Veteran-Owned and Service-Connected Disabled Veteran-Owned and Hudson Initiative small entrepreneurship subcontractor or distributor participation and the dollar amount of each.

The statutes (R.S 39:2171 *et. seq.*) concerning the Veteran Initiative may be viewed at <http://legis.la.gov/lss/lss.asp?doc=671504>; and the statutes (R.S 39:2001 *et. seq.*) concerning the Hudson Initiative may be viewed <http://legis.la.gov/lss/lss.asp?doc=96265>. The rules for the Veteran Initiative (LAC 19:VII. Chapters 11 and 15) and for the Hudson Initiative (LAC 19:VIII Chapters 11 and 13) may be viewed at <http://www.doa.louisiana.gov/osp/se/se.htm>.

A current list of certified Veteran-Owned and Service-Connected Disabled Veteran-Owned and Hudson Initiative small entrepreneurship may be obtained from the Louisiana Economic Development Certification System at https://smallbiz.louisianaforward.com/index_2.asp. Additionally, a list of Hudson and Veteran Initiative small entrepreneurship, which have been certified by the Louisiana Department of Economic Development and who have opted to register in the State of Louisiana LaGov Supplier Portal https://lagoverpvendor.doa.louisiana.gov/irj/portal/anonymous?guest_user=self_reg may be accessed from the State of Louisiana Procurement and Contract (LaPAC) Network <http://www.wprd.doa.louisiana.gov/osp/lapac/vendor/srchven.asp>. When using this site, determine the search criteria (i.e. alphabetized list of all certified vendors, by commodities, etc.) and select SmallE, VSE, or DVSE.

XI. SELECTION OF FINALISTS

After evaluation, the firms most susceptible for award (the Finalists) may, at the Treasury's discretion, receive further review. During this part of the process, the Finalists may be invited to make oral and technology presentations to the evaluation team. In addition, members of the evaluation team reserve the right to conduct on-site visits of any or all of the Finalists. Based on the results of the written proposals as well as any oral presentations, telephone interviews or on-site visits, as the case may be, scores from the original evaluation may be adjusted, and the proposer with the highest score shall be selected.

The Department of the Treasury, in its sole discretion, expressly reserves the right to reject all proposals and/or to waive any immaterial deviation or defect in the proposal received.

XII. AWARD OF CONTRACT

A. The contract will be awarded to the responsible proposer whose proposal conforms to the RFP and is the most advantageous to the state.

1. Acceptance of Proposal - The winning proposal will be selected on or about February 20, 2013. All proposers will receive notification of the winning award by electronic mail and US Mail. The contents of the proposal of the successful proposer will become part of the contract. **Failure of the successful proposer to agree to this shall result in cancellation of the award.**

2. Rejection of the Proposal - The Department of the Treasury will notify, in writing, proposers whose proposals were rejected. The Department of the Treasury will notify proposers of a time and place other proposals may be inspected. Issuance of this RFP in no way constitutes a commitment by the Department of the Treasury to award a contract.

B. Compliance with State Laws - It is agreed and understood that any contracts and/or orders placed as a result of this proposal **shall be governed under Louisiana law**. The rights and obligations of the parties hereto shall be determined in accordance with the laws of the State of Louisiana.

C. Contract Terms - It is anticipated that before February 1, 2013, one contract will be entered into with a consultant authorized to do business in the State of Louisiana. The term of the contract(s) shall be for a period of three (3) years. Attachment G – Sample Contract is provided for proposer's information. It contains most clauses required in contracts signed by the State of Louisiana encompassing this type of service.

D. Compensation Methods - Costs for services rendered must be tabulated and invoiced at quarter end and submitted for evaluation and approval for payment by the State Treasurer.

E. Cancellation Clause - This contract shall include a thirty (30) day cancellation clause.

F. Availability Factor - The selected firm shall be prepared to begin work on March 1, 2013.

Attachment A

STATEMENT OF MINIMUM QUALIFICATIONS

(Firm Name)_____certifies that it meets all of the minimum qualifications as contained in the Investment Consulting Services RFP. Our firm meets the minimum qualifications as follows (please list each criterion in Section IV and describe how it is met):

Attachment B

PROPOSAL QUESTIONNAIRE

In responding to this RFP, please answer the following questions and/or provide the requested information.

1. List the name, address, e-mail address, fax and phone number of the firm making the proposal, as well as the contact person within the firm responsible for this proposal.
2. Please provide a brief history of the firm, including year of origin, ownership, and affiliated companies and relationships, and include resumes for key personnel. Please indicate whether any ownership changes are planned or anticipated at this time. Please also indicate how long your firm has provided fund consulting and attach documentation to substantiate that your firm has at least five (5) years investment consulting experience prior to deadline for receipt of proposals. Please provide a description of your firm including number and location of offices, number of professional consultants, and the scope of services offered. Please affirm and attach documentation showing that your firm is a Registered Investment Advisor.
3. Does your firm have a written code of conduct or a set of standards for professional behavior? If so, how **is it** monitored and enforced? Has your firm adopted the CFA Institute's Code of Ethics and Standards of Professional Conduct? If so, how is employee compliance monitored? If not, why **not**?
4. Please provide information regarding any code of ethics violations reported to internal management or to external regulatory or judicial bodies by your internal compliance officer or equivalent person within the last five years.
5. How are consultant's recommendations to clients reviewed and monitored by your organization? Does your firm adhere to a level of consistency in consultant recommendations?
6. Within the last five years, has your organization or an officer or principal been involved in litigation, administrative or regulatory, or similar investigation proceedings? If so, provide an explanation and indicate the current status or disposition. Under disposition, include any censures, penalties, fines, or reprimands from regulatory bodies.
7. Please describe in detail any affiliations or financial relationships your firm currently maintains with any money manager or custodian, such as, but not limited to, a sister company, money managers within the same holding company, as well as any subsidiary companies in the business of money management or custody. In describing any such relationship, please disclose any financial incentive(s), reimbursements, or remuneration you or your firm have with any such money manager or custodian.

8. What is the total number of clients that you currently serve in the capacity of consultant as described in this proposal? What is the range of fund sizes serviced by your firm and the average fund size of these clients? How many public funds such as the ones described do you service and what is their average size? Please attach a listing of all public fund clients (must provide at least three) for which your firm currently provides full consulting services (including asset allocation, investment policy development, manager search, performance measurement, investment research and education).
9. How many new clients have you acquired and how many accounts have you lost in each of the years 2002 through 2006? State the reason(s) for the termination of any account(s).
10. Please provide resume(s) of the individual(s) with your firm who will be directly responsible for servicing the Funds' account(s); their home office, the role and scope of their involvement and all other responsibilities assumed by them. Please include their experience with public funds and dealings with legislative bodies and make clear that they have five (5) or more years investment consulting experience prior to deadline for receipt of proposals.
11. Please describe your firm's commitment to research and systems enhancements as it relates to the Funds. Include the number of individuals dedicated to research and any publications of your research. Give an account of how your firm uses external resources and internal resources in the research process. Describe the process you use to monitor and report market trends. Please indicate what, if any, expansions you anticipate in your technical and systems capabilities.
12. Provide a list of three to five references, including number of years as a client, type of services provided and the name, address and phone number of a contact person. Please list all public fund clients. Include the size of their fund(s) and the length of service provided.
13. Describe your procedures for manager review. What criteria are used in evaluating managers? How do you verify manager information?
14. Describe your universe of money manager performance data appropriate to the Funds' program. Include size, composition, and percent public funds and private funds. Is it purchased from an independent source or is it proprietary? How often are managers in your database visited, reviewed and their data updated? Are any fees charged or other considerations paid by managers to be included in your universe? Does a principal from your company personally interview money managers?
15. Describe your investment monitoring process. How do you measure risk? How do you measure return?
16. How timely after a reporting period is a performance report available from your firm? Describe the content and format of performance reports. Are all performance compliant with the AIMR-PPS Standards, the U.S. version of GIPS?

17. Describe the models or processes used for optimizing strategic asset allocation. Please indicate the time frame utilized in your asset allocation model and the ability of your process to work within existing long-term policy guidelines and investment objectives.
18. Please provide as an attachment to your proposal a copy of your current Form ADV and your standard investment consulting contract.
19. Please provide a proposed investment/transition strategy for the funds and describe your philosophy with respect to changes in the investment mix and investment policy.
20. Describe ability to maintain a data processing interface with the Funds' custodians, using tape, diskette, on-line capability, or other electronic data means.

Attachment C

FEE PROPOSAL

State your Essential Services fee in hard dollars for the consulting services **described in the Request for Proposals** for a three year period. Note that all travel associated with this contract shall be reimbursed in accordance with PPM 49. State your Optional Services fee in hard dollars for the consulting services **described in the Request for Proposals** on a per RFP search basis. Also, please separately identify any additional fees for services which your firm might provide to clients (e.g., IRRC reports, proxy monitoring services, etc.) For purposes of **assisting in a fee determination**, representative portfolio structures are provided under Attachment D.

ESSENTIAL SERVICES

Fee Year 1	_____
Fee Year 2	_____
Fee Year 3	_____
Total Essential Services	_____

OPTIONAL SERVICES

Fee Per RFP Search	_____
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FEE PROPOSAL

A. TOTAL ESSENTIAL SERVICES	_____
B. FEE PER RFP SEARCH	_____
TOTAL OF A + B	_____

Attachment D

PORTFOLIO STRUCTURES
As of June 30, 2012

PORTFOLIO	MARKET VALUE
LA EDUCATION QUALITY TRUST FUND	1,154,998,278.47
LEQTF EQUITY DIVIDEND	
Cash & Equivalents	495,722.01
Equity Securities	34,317,958.75
	34,813,680.76
LEQTF EQUITY	
Cash & Equivalents	1,627,562.79
Preferred Securities	8,978,950.83
	10,606,513.62
LEQTF FIXED INCOME	
Cash & Equivalents	33,902,057.90
Corporate Securities	577,671,817.38
Government Sponsored Entity Securities	244,466,495.31
Non U.S. Sovereign Securities	5,340,000.00
U.S. Government Securities	10,053,500.00
	871,433,870.59
LEQTF MUTUAL FUND	
Cash & Equivalents	6,462,207.82
Mutual Fund Securities	231,682,005.68
	238,144,213.50
MEDICAID TRUST FUND	552,334,219.51
MEDICAID EQUITY DIVIDEND	
Cash & Equivalents	10,211.25
Equity Securities	19,151,468.75
	19,161,680.00
MEDICAID FIXED INCOME	
Cash & Equivalents	40,217,671.23

Corporate Securities	195,345,790.73
Government Sponsored Entity Securities	181,363,662.01
Non U.S. Sovereign Securities	4,060,000.00
U.S. Government Securities	67,027,008.40
	488,014,132.37
MEDICAID MUTUAL FUNDD	
Mutual Fund Securities	45,158,407.14
	45,158,407.14
MILLENNIUM TRUST FUND	1,452,079,151.86
MILLENNIUM TAX EXEMPT	
Cash & Equivalents	30,134,375.38
Municipal Securities	740,912,631.85
	771,047,007.23
MILLENNIUM EQUITY DIVIDEND	
Cash & Equivalents	495,612.11
Equity Securities	34,317,958.75
	34,813,570.86
MILLENNIUM EQUITY	
Cash & Equivalents	651,519.95
Preferred Securities	10,302,877.99
	10,954,397.94
MILLENNIUM FIXED INCOME	
Cash & Equivalents	32,068,919.06
Corporate Securities	219,852,348.67
Government Sponsored Entity Securities	254,911,375.66
Municipal Securities	36,393,695.30
Non U.S. Sovereign Securities	3,600,000.00
U.S. Government Securities	10,053,500.00
	556,879,838.69
MILLENNIUM MUTUAL FUND	
Cash & Equivalents	479,918.39
Mutual Fund Securities	77,904,418.75
	78,384,337.14

Attachment E

SAMPLE CONTRACT

CONTRACT

Be it known, that on this *(Date)* day of *(month)*, 20*(year)*, the Louisiana Department of the Treasury (hereinafter sometimes referred to as "State" or "Treasury") and *(Contractor's name and legal address including Zip code)* (hereinafter sometimes referred to as "Contractor") do hereby enter into contract under the following terms and conditions.

Scope of Services

Contractor hereby agrees to furnish the following services:

(this section will include a description of the specific goals and objectives, deliverables, and performance measures for the contract, and a monitoring plan.)

Payment Terms

In consideration of the services described above, state hereby agrees to pay the Contractor a maximum fee of \$_____. Payment will be made only on approval of the Treasurer or First Assistant Treasurer.

If progress and/or completion to the reasonable satisfaction of the agency is obtained, payments are scheduled as follows: *(payment terms included here)*

Taxes

Contractor hereby agrees that the responsibility for payment of taxes from the funds thus received under this Contract and/or legislative appropriation shall be contractor's obligation and identified under Federal tax identification number _____.

Termination for Cause

The State may terminate this Contract for cause based upon the failure of the Contractor to comply with the terms and/or conditions of the Contract; provided that the State shall give the Contractor written notice specifying the Contractor's failure. If within thirty (30) days after receipt of such notice, the Contractor shall not have either corrected such failure and thereafter proceeded diligently to complete such correction, then the State may, at its option, place the Contractor in default and the Contract shall terminate on the date specified in such notice. The Contractor may exercise any rights available to it under Louisiana law to terminate for cause upon the failure of the State to comply with the terms and conditions of this contract; provided that the Contractor shall give the State written notice specifying the State's failure and a reasonable opportunity for the state to cure the defect.

Termination for Convenience

The State may terminate the Contract at any time by giving thirty(30) days written notice to the Contractor. The Contractor shall be entitled to payment for deliverables in progress, to the extent work has been performed satisfactorily.

Remedies for Default

Any claim or controversy arising out of this contract shall be resolved by the provisions of LSA - R.S. 39:1524 - 1526.

Ownership

All records, reports, documents and other material delivered or transmitted to Contractor by State shall remain the property of State, and shall be returned by Contractor to State, at Contractor's expense, at termination or expiration of this contract. All records, reports, documents, or other material related to this contract and/or obtained or prepared by Contractor in connection with the performance of the services contracted for herein shall become the property of State, and shall, upon request, be returned by Contractor to State, at Contractor's expense, at termination or expiration of this contract.

Nonassignability

No contractor shall assign any interest in this contract by assignment, transfer, or novation, without prior written consent of the State. This provision shall not be construed to prohibit the contractor from assigning his bank, trust company, or other financial institution any money due or to become due from approved contracts without such prior written consent. Notice of any such assignment or transfer shall be furnished promptly to the State.

Auditors

It is hereby agreed that the Legislative Auditor of the State of Louisiana and/or the Office of the Governor, Division of Administration auditors shall have the option of auditing all accounts of contractor which relate to this contract.

Term of Contract

This contract shall begin on (*beginning date*) and shall terminate on (*ending date*).

Fiscal Funding

The continuation of this contract is contingent upon the appropriation of funds to fulfill the requirements of the contract by the legislature. If the legislature fails to appropriate sufficient monies to provide for the continuation of the contract, or if such appropriation is reduced by the veto of the Governor or by any means provided in the appropriations act to prevent the total

appropriation for the year from exceeding revenues for that year, or for any other lawful purpose, and the effect of such reduction is to provide insufficient monies for the continuation of the contract, the contract shall terminate on the date of the beginning of the first fiscal year for which funds are not appropriated.

Discrimination Clause

The contractor agrees to abide by the requirements of the following as applicable: Title VI and VII of the Civil Rights Act of 1964, as amended by the Equal Opportunity Act of 1972, Federal Executive Order 11246, the Federal Rehabilitation Act of 1973, as amended, the Vietnam Era Veteran's Readjustment Assistance Act of 1974, Title IX of the Education Amendments of 1972, the Age Act of 1975, and contractor agrees to abide by the requirements of the Americans with Disabilities Act of 1990.

Contractor agrees not to discriminate in its employment practices, and will render services under this contract without regard to race, color, religion, sex, national origin, veteran status, political affiliation, or disabilities.

Any act of discrimination committed by Contractor, or failure to comply with these statutory obligations when applicable shall be grounds for termination of this contract.

Governing Law and Jurisdiction

The rights and obligations of the parties hereto are to be construed, interpreted and enforced in accordance with, and shall be governed by the laws of the State of Louisiana. Any action arising under this Agreement shall be brought in the Nineteenth (19th) Judicial District Court for the Parish of East Baton Rouge, State of Louisiana.

Amendments in Writing

No modification or waiver of any provision of this Agreement, and no consent to any departure by Contractor there from, shall be effective unless the same shall be in writing and signed by the Treasurer and approved by the Office of Contractual Review of the State of Louisiana. Any such waiver or consent shall be effective only in the specific instance and for the purpose for which given. No notice to or demand on Contractor in any case shall entitle Contractor to any other or further notice or demand in the same, similar or other circumstances. No course of dealing or failure or delay on the part of the State in exercising any right, power or privilege hereunder shall operate as a waiver hereof, nor shall a single or partial exercise thereof preclude any other or further exercise or the exercise of any other right, power or privilege. The rights of the State under this Agreement are cumulative and not exclusive of any rights or remedies, which the State would otherwise have.

Division of Administration Policy and Procedure Memorandum 49

The Division of Administration Policy and Procedure Memorandum 49 (the state general travel regulation) applies to any and all travel related to this contract. [See, <http://www.state.la.us/osp/travel/PPM49/docs/PPM49-02.pdf>]

Order of Precedence

In the event of any inconsistent or incompatible provisions, this signed agreement (excluding the RFP and Contractor's proposal) shall take precedence, followed by the provisions of the RFP, and then by the terms of the Contractor's proposal.

Entire Agreement

This contract, together with the RFP and addenda issued thereto by the Department, the proposal submitted by the Contractor in response to the Department's RFP, and any exhibits specifically incorporated herein by reference, constitute the entire agreement between the parties with respect to the subject matter

IN WITNESS WHEREOF, the parties have executed this Agreement as of this day of *(enter date)*.

WITNESSES SIGNATURES:

STATE AGENCY SIGNATURE:

By: _____

Title: _____

CONTRACTOR SIGNATURE:

By: _____

Telephone: _____

Tax ID No. _____

APPROVAL OF THE OFFICE OF
CONTRACTUAL REVIEW FOR THE STATE:
